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PUBLIC EMPLOYMENT
RELATIONS BOARD

FINDING OF FACT

by

JOHN R. BAKER

IN THE MATTER OF FACTFINDING)

CEDAR RAPIDS, IOWA)

EMPLOYER,)

and)

CEDAR RAPIDS ASSOCIATION
OF FIREFIGHTERS, LOCAL 11)

EMPLOLYEE ORGANIZATION.)

FINDING OF FACT

AND

RECOMMENDATIONS

APPEARANCES

FOR THE UNION

Rick Scofield, President
Paul Gerken
James H. Miller, Treasurer
Andrew Olesen, Secretary

FOR THE EMPLOYER

David L. Winney, HR Director
R. Bruce Reynolds, Asst. Fire Chief

STATEMENT OF JURISDICTION

This matter proceeds to Fact Finding pursuant to an independent impasse agreement mutually agreed upon by and between the City of Cedar Rapids, Iowa, a public employer, and Cedar Rapids Association of Firefighters, Local 11, a public employee organization. The independent impasse agreement provides a waiver of the March 15, 2003 deadline for completion of impasse services. The Fact Finder was selected from a list of Fact Finders furnished to the parties by the Public Employment Relation Board.

A hearing was held on March 11, 2003 at the Central Fire Station in Cedar Rapids Iowa. The hearing commenced at approximately 2:00pm. At hearing the parties were afforded the full and complete opportunity to introduce evidence and frame arguments in

support of their respective positions on each item at impasse. Solely upon the evidence in the record and the arguments of the parties at hearing, this recommendation is made.

CRITERIA APPLIED IN DRAFTING THIS RECOMMENDATION

The Iowa Public Employment Act does not set forth the criteria that are to be used in the determination of a factfinding recommendation. The Act does, however, contain the criteria that are to be used by interest arbitrators in the formulation of interest arbitration awards. Section 22.9 of the Act sets forth the following, in relevant part:

The panel of arbitrators shall consider, in addition to any other relevant factors, the following factors:

- a. Past collective bargaining contracts between the parties including the bargaining that led up to such contracts.
- b. Comparison of wages, hours and conditions of employment of the involved public employees with those of other public employees doing comparable work, giving consideration to factors peculiar to the area and the classifications involved.
- c. The interests and welfare of the public, the ability of the public employer to finance economic adjustments and the effect of such adjustments on the normal standard of services.
- d. The power of the public employer to levy taxes and appropriate funds of the conduct of its operations.

An interest arbitrator may choose one of three possible positions on an item at impasse. He or she may select the position of the public employer, the public employee organization or the recommendation of the fact finder. It is therefore logical that a fact finder must apply the same criteria in the formulation of a recommendation. It makes no difference whether or not such recommendation is binding upon the parties, the same criteria must be applied.

BACKGROUND

The City of Cedar Rapids is located in East Central Iowa and is its second largest City. The City employs approximately 1200 employees to provide a variety of service to the citizenry. Included in these services is fire protection. The City has 133 Fire Department employees. The Fire Department employees have, for purposes of collective bargaining, been represented by the Cedar Rapids Association of Fire Fighters, Local Union 11, IAFF.

This City and the Union have resolved all outstanding issues for the 2003

collective bargaining agreement with the exception of the employee contribution toward the cost of health insurance and the amount of the wage increase. These two impasse items were submitted to factfinding for a recommendation on each item.

The Parties agreed that the appropriate comparability group includes the cities of Council Bluffs, Davenport, Des Moines, Dubuque, Sioux City and Waterloo.

ITEMS AT IMPASSE

INSURANCE

The Union has proposed to increase the employee contribution toward the cost of health insurance from \$5.00 per month to \$7.50 per month for single coverage and from \$10.00 per month to \$15.00 for family coverage.

The City has proposed to increase the employee contribution to \$10.00 for single coverage and to \$20.00 for family coverage.

WAGE INCREASE

The Union has proposed to increase all wages by 4.5% effective July 1, 2003.

The City proposed the following wage increases:

Add to the Wage Matrix the following:

Following Firefighters ADD: Firefighter with Paramedic Certification

Grade 31 – Each step plus \$.50 more than Firefighters – Grade 30

Following Lieutenants ADD: Lieutenants with Paramedic Certification

Grade 37 – plus \$.50 more than Lieutenants – Grade 36

Following Captain ADD: Captains with Paramedic Certification

Grad (sic) 41 – Plus \$.50 more than Captains – Grade 40

Delete: Additional \$50.00 per month

State Certified Paramedics (Who meet the department's required certification level) Will remain in labor agreement.

Effective 1st pay day in July, 2003 2.0% ATB

Effective 1st pay day in January, 2004 2.5% ATB

POSITION OF THE PARTIES

INSURANCE

With respect to insurance, the Union noted that it has recognized the need to increase the contribution toward cost of health insurance and has proposed an increase over the current contribution. Other bargaining units contribute either lesser or similar

amounts with only the Airport Safety unit contributing more than the amount proposed by the Union. The Union noted those bargaining units that are currently paying the amounts proposed by it are subject to the following language.

If health insurance premiums rise 10% to 20%, the negotiated wage rate will decrease by .25%. If the health insurance premiums rise in excess of 20%, the negotiated wage settlement will decrease by .5%.

The Union presented evidence demonstrating that other cities in the comparability group contribute less toward the cost of health insurance than it has proposed.

Specifically, the cities of Davenport, Des Moines, Dubuque, and Sioux City require no contribution toward the cost of health insurance. The City of Council Bluffs requires a \$1.20 contribution toward the cost of single coverage and \$10.00 contribution toward the cost of family coverage. The City of Waterloo requires a contribution of \$5.00 toward the cost of single coverage and a contribution of \$10.00 toward the cost of family coverage.

The City noted that it is anticipating health insurance premium increases between 10% and 20% during the next fiscal year and that it has taken a proactive approach to the expected increases. These actions include the elimination of certain positions and the laying off of some employees. Further, the City received waivers for the State for its self-insured status. All of the above actions have helped to reduce an anticipated deficit but have failed to eliminate it.

The City stated that the cost of health insurance, the anticipated increases and the need for employees to share in these costs and increases will continue to be a priority in collective bargaining. The City noted that other bargaining units within the city have agreed to an increase in the employee contribution toward the cost of health insurance and have also agreed to the language, noted above, that would reduce the wage increase should premiums increase within certain ranges.

The City acknowledged the fact that the Union would not agree to the wage adjustment language and in the alternative has proposed increasing the contribution from the current level to \$10.00 per month for a single premium and to \$20.00 per month for a family premium.

WAGE INCREASE

The Union noted that the annual salary for a shift Firefighter ranks sixth in the comparability group, with only Dubuque Firefighters receiving a lower annual salary. The Union also noted that City Fire Department Captains ranked fifth in the comparability group with only Dubuque Captains receiving a lower annual salary. (The City of Waterloo does not include Captains in the bargaining unit.)

Within the comparability group the wage increases for the 2003 contract year are:

Council Bluffs	3.5%
Davenport	(proposed 4.5%) (Factfinding recommendation 3.7%)
Des Moines	6.4%
Dubuque	4.8%
Sioux City	4.5%
Waterloo	3.5%

The Union also noted the negotiated wage increases for other City bargain units.

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Police Department	2%	2.5%
AFSCME	3.25%	
Transit	2%	2%
Airport Safety	3.5%	
Airport Maintenance	3.25%	

In comparison to Police Officers the Union noted the entry-level salary for a Firefighter is approximately \$1,000 greater than the entry-level salary for a Police Officer. However, after 10 years of employment the salary of a Police officer is approximately \$4,700 more than that of a Firefighter. The Union noted the historical comparison between Fire Department employees and Police Department employees.

Further, the Union pointed to the fact that non-bargaining unit employees received increases that averaged 5.75% last year. Further, the Union noted that Fire Department non-bargaining unit employees received an average increase of 6.93%.

Finally, the Union noted that with the increased contribution toward the cost of health insurance that it has proposed, the net increase in pay would range between 4.33% and 4.45% for all classifications, depending on whether or not the employee selected family or single coverage. According to the Union the City's proposed increase contribution toward the cost of health insurance and wage increase would result in a net

wage increase of between 2.93% and 3.15% for all classifications, depending on whether or not the employee selected single or family coverage.

The City argued that the internal comparability and the bargaining history of the parties is a highly relevant factor that must be given considerable weight in the determination of any wage increase. The City provided, in City Exhibit 9, a 22 year history comparing the settlements of the three largest bargaining units, those being Fire, ASFCME and Police. The City noted that several arbitrators and factfinders had, in previous awards and recommendations, found the history and internal comparability to be a persuasive factor in drafting their decisions and recommendations.

The City also argued that the Firefighters compare favorable to the external comparability group. According to the City the pay range for salaries of Cedar Rapids Firefighters are at the top of the cities in the comparability group. The ranking, from highest to lowest, is set forth in City Exhibit 11: Cedar Rapids, Waterloo, Davenport, Des Moines, Dubuque, Iowa City, Sioux City and Council Bluffs.

The City has calculated the total cost of the Union's proposal on insurance and wages as 8.14% and the total cost of its proposal as 4.6%. According to the City, their proposal compares favorably with settlements reached with its other bargaining units and favorably with other city's reported settlements.

Lastly, the City has proposed an increase in pay for those employees who have obtained paramedic certification meeting the City's standards. The City argued that these employees should receive an additional wage increase over and above any general increase in order to compensate them for their additional training and skills.

DISCUSSION AND RECOMMENDATION

INSURANCE

Both the Union and the City recognize the importance of the insurance coverage available to employees and both Parties recognize that the cost of the coverage is increasing. This is witnessed by the fact that the Union has proposed an increase in the employee contribution toward the cost of health insurance, albeit less than the increase proposed by the City.

It is not uncommon, indeed it is well accepted, that factfinders and arbitrators will not modify insurance language or contributions on the theory that such changes are best

left to the negotiation process. Here, the Parties have both proposed to change the employee contribution toward the cost of health insurance. It is only the magnitude of the change that is at issue.

The Union and the City agree that the cost of health insurance will increase and both acknowledge the amount of the employee contribution is now, and will continue to be, an impediment to reaching a voluntary settlement. It is reasonable to assume, given the rising cost of health insurance for all employees and employers, that the premium increases will be a contentious issue in many negotiations. Further, because of the uncertainty of the increases, at least to the extent of the amount of such increase, makes comparison to other settlements problematic. Guidance may be found on an issue by looking to a comparability group only when there is a degree of stability and predictability as to that issue in question. The volatility of insurance premium increases renders such comparison, especially to external groups, of little assistance. Factors that may result in a large or small increase for one employer within a group may not be present for another employer. Historically, when the magnitude of increases was small the impact on a total settlement cost was also small. In the current environment, the magnitude of such increase may well be extremely large, and thus the impact on the total settlement can be large.

On the issue of the employee contribution toward the cost of health insurance the internal comparison with other City bargaining units favors neither the proposal of the City or the Union. Four of the bargaining units pay less than the amount proposed by the Union, one pays more and two will suffer a wage reduction if the cost of health insurance increases as projected. In effect, the bargaining units that will be subject to a wage reduction will be paying an increased amount toward the cost of the health insurance.

Both parties acknowledge the cost of the health insurance will increase and the Union does not dispute the City's estimate of a 10% - 20% increase. The City's proposal more accurately reflects the projected increase in the cost of the health insurance. The increase in the contribution will mitigate against future increases of greater magnitude should premiums continue to rise.

WAGE INCREASE

The City and the Union have both proposed a 4.5% increase in the base wages paid to Firefighters. The significant difference between the two proposals is the timing of the wage increase. The Union proposes that the 4.5% increase be effective on July 1, 2003. The City proposes the increase be split into two portions, with a 2% increase effective on July 1, 2003 and a 2.5% increase effective on January 1, 2004. The actual difference between the City's proposal and the Union's proposal is 1.25%. The impact of the City's proposal is to raise the base wage by 4.5% for the coming contract year, but at an effective cost of 3.25%.

The City relied heavily on the internal comparison to the settlements obtained with other bargaining units and on the history of bargaining. Certainly, the history of bargaining and the internal comparison favors the position of the City and must be given weight and consideration. The past history of bargaining and the internal comparisons are among the factors that must be considered.

The Union relied heavily on the comparison to other public employees performing similar work. Settlements in the external comparability group range between a low of 3.5% and a high of 6.4%. The average increase for the known settlements is 4.54% and when the City of Davenport is included, using the Davenport Firefighters factfinding proposal of 4.5%, the average is 4.53%. If the average is calculated using the Davenport factfinder's recommendation of 3.7% the average increase is 4.4%. The external comparability favors the Unions proposal of 4.5%.

The internal comparison is a relevant factor that must be considered, however it is but one of the factors that must be considered when drafting a recommendation. Certainly one should look to prior awards of arbitrators and recommendations of factfinders for guidance. Such guidance should not, however, preclude a finding that factors other than past history and internal comparison be given greater weight. Factfinding and interest arbitrations take place, like negotiations, in the current environment. Issues that may have been of little import during one year's negotiation may become the issues that result in invocation of the impasse procedures in future negotiations. A timely example of this is the issue to the amount of the employee's contribution toward the cost of health insurance.

Giving weight to the historical internal comparability between bargaining units and the wage increases in the external comparability group it is recommended that the base wages be increased by 3% effective July 1, 2003 and by 1.5% effective January 1, 2004.

The City proposed the addition of grades in the pay matrix to compensate employees who have obtained Paramedic Certification. The Union did not address this proposal, other than to say that its proposal was general increase for all pay grades. Absent any counter argument by the Union, the position of the City to include the additional grades in the pay matrix is recommended.

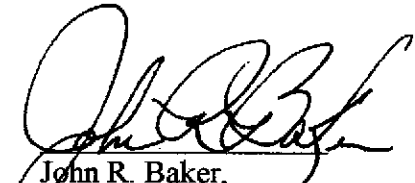
SUMMARY OF RECOMENDATIONS

It is recommended that the employee contribution toward the cost of health insurance be increased to \$10.00 for single coverage and \$20.00 for family coverage.

It is recommended that the bargaining unit wages be increased by 3% effective July 1, 2003 and by 1.5% effective January 1, 2004.

It is recommended the City's proposed additional grades be added to the pay matrix in order to differentiate and compensate those employees who have obtained Paramedic certification in accordance with Fire Department policy.

DATED this 17th day of March, 3003 at Minburn, Iowa.



John R. Baker,
Attorney at Law
Factfinder

CERTIFICATE OF SERVICE

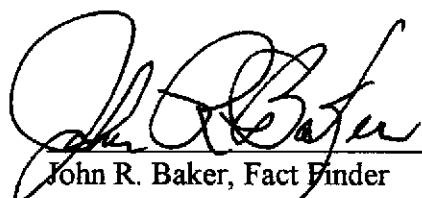
I certify that on the 18th Day of March, 2003 I served the foregoing Report of Fact Finder upon each of the parties to this matter by mailing a copy t them at their respective addresses as shown below:

FOR THE PUBLIC EMPLOYER

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